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Paul G. Summers**

**Department of Commerce and Insurance
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NEWS RELEASE

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**Tennessee Joins Other States in \$9 Million Agreement with “Discount” Buying Clubs for
Alleged Consumer Deception Violations**

A group of buying clubs will pay more than \$9 million in an agreement regarding allegations they deceived consumers into purchasing club memberships, Tennessee officials announced today.

Boca Raton, Fla.-based Triad Discount Buying Service Inc., related companies and their operator, Ira Smolev of Florida have agreed to earmark \$8.3 million of the total for consumer restitution and \$750,000 to cover investigative costs. Two of the companies doing business in Tennessee were Best Price USA and Discounts USA.

"Consumers calling in response to a television commercial for a particular product would be told that in addition to their purchase, they could receive a free, 30-day membership in a buying club and enjoy big savings on other items," said Tennessee Attorney General Paul G. Summers.

Once consumers agreed to have the membership materials sent to them, and even in many instances when they did not agree, their names and credit card numbers were provided by the third-party companies to the Triad companies, according to the complaint. Within 45 days, the Triad companies charged

membership fees to the consumers' credit cards without their knowledge or authorization.

Dave McCollum, director of the Tennessee Division of Consumer Affairs, advised Tennessee consumers, "If ordering anything by phone, be alert! If you are made an offer you are not interested in, make sure you are very clear in refusing it."

Under the agreement, approximately 275,000 individuals who filed complaints against Triad companies nationwide may be eligible for partial membership refunds from the companies pending court approval. Some 3,877 Tennessee consumers are eligible for restitution. In addition, Tennessee will receive \$10,000 as part of the agreement.

Also under the agreement, Smolev, as well as the Triad companies, which are currently in bankruptcy court, are required to drastically revise their marketing practices to avoid future deceptions. Included in those changes are prohibitions against misrepresenting "free" offers of goods or services and failing to disclose any obligations of consumers in accepting trial offers. The companies are also prohibited from signing up new members or renewing existing memberships without express, verifiable authorization from the consumer, and from obtaining or disseminating consumers' personal billing information, including credit and unique identifying information, without authorization.

Those states besides Tennessee included in the agreement are Alabama, Connecticut, Delaware, District of Columbia, Florida, Illinois, Maine, Maryland, Minnesota, Missouri, Nevada, New York, North Carolina, Ohio, Oregon, South Carolina, South Dakota, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming.